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International and European News 18 January 2016

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The euro area consists of Belgium, Germany, Ireland, Greece, Spain, France, Italy, Cyprus, Luxembourg, Malta, the Netherlands, Austria, Portugal, Slovenia, Slovakia and Finland. From 1 January 2011, the euro area includes Estonia and on 1 January 2014 when Latvia adopted the euro the euro area became the EA18. From 1 July 2013, the EU28 includes Belgium, Bulgaria, the Czech Republic, Denmark, Germany, Estonia, Ireland, Greece, Spain, France, Italy, Croatia, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, the Netherlands, Austria, Poland, Portugal, Romania, Slovenia, Slovakia, Finland, Sweden and the United Kingdom.

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International News

More than half of UAE residents say their salary is too low to save money

[18 January 2016, *Gulf Business*] By ELEANOR DICKINSON on 17 January: Saving money for a rainy day has become a thing of the past for nearly half of United Arab Emirates' residents, research has found.

Insufficient salaries and high-income costs mean 53 per cent of employees do not set aside funds from their monthly wage for retirement or emergencies, while more than 30 per cent do not save even a single dirham.

Despite the UAE's attraction to expats as a tax-free haven, many people say they find themselves financially insecure due to loans and credit card debt alongside a lack of income.

Meanwhile, more than 13 per cent of research respondents admitted they believed life is too short to save, according to research by compareit4me.com.

Read more at:

<http://www.gulfbusiness.com/articles/country/untted-arab-emirates/more-than-half-of-uae-residents-say-their-salary-is-too-low-to-save-money>

A reality check for the digital revolution

[18 January 2016, *Business Spectator*] By BRENDAN THOMAS-NOONE on 15 January: A very interesting new report from the World Bank on the economic effects of digital technologies was released earlier this week.

Digital technologies — such as the Internet, mobile phones and 'all the other tools to collect, store, analyse, and share information digitally' — have since the 1990s been generally considered to be the great economically empowering tools of the digital age. This has been more or less one of the shared philosophies of Silicon Valley.

That's what makes the World Bank's conclusion surprising. It says: "Although there are many individual success stories, the effect of technology on global productivity, expansion of opportunity for the poor and the middle class,

and the spread of accountable governance has so far been less than expected."

As the Bank points out, not only are digital technologies not increasing productivity across much of the world, they may be causing greater inequality:

"Many advanced economies face increasingly polarised labour markets and rising inequality — in part because technology augments higher skills while replacing routine jobs, forcing many workers to compete for low-paying jobs. Public sector investments in digital technologies, in the absence of accountable institutions, amplify the voice of elites, which can result in policy capture and greater state control."

Read more at:

<http://www.businessspectator.com.au/article/2016/1/15/industries/reality-check-digital-revolution>

Australian dollar dives to seven-year low

[18 January 2016, *Business Spectator*] By DANIEL PALMER: The Australian dollar has skidded to a seven-year low as commodity prices plunge and global stock markets tank on concerns around the Chinese economy and broader global growth prospects.

At 7.20am (AEDT), the local unit is trading at US68.61c, down from US69.54c on Friday.

Read more at:

<http://www.businessspectator.com.au/news/2016/1/18/markets/aust-dollar-dives-seven-year-low>

AUSTRALIA: Government mulls two tax options

[18 January 2016, *Business Spectator*] By AAP: A GST hike is part of one of two major tax reform packages being considered by federal Treasurer Scott Morrison.

A rise in the GST to 15 per cent would boost revenue by \$32 billion each year under the largest of the packages, which Prime Minister Malcolm Turnbull prefers, News Corp says.

The increase would be expected to enable further tax reform including cuts to personal income tax

and company tax rates, as well as compensation for low-income earners.

"The government is not ruling anything in or out and is focused on changes that will boost growth and jobs," Mr Morrison said in a statement to AAP.

"It's about having a better mix of taxes, not increasing the burden of taxes."

State government support would be needed to implement the GST package, but some have already ruled out supporting an increase.

Read more at:

<http://www.businessspectator.com.au/news/2016/1/18/politics/govt-mulls-two-tax-options>

Japanese shares hit one-year low after falls in the US

[18 January 2016, *BBC News*] Japanese shares hit a one-year low early on Monday following big falls in the US and as oil prices dropped below \$28 for the first time since 2003.

The benchmark Nikkei 225 fell to its lowest level since the beginning of 2015. By mid-morning it had regained some ground and was down 1.37% at 16,912.23.

Read more at:

<http://www.bbc.co.uk/news/business-35340296>

AUSTRALIA: Why a Chinese hard landing should be feared

[18 January 2016, *Business Spectator*] By ELLEN C FROST: The sudden, sharp fall of Chinese stock prices twice in 2015 and again this month does not necessarily herald a further slowdown of GDP growth. But investor confidence, the bedrock of a healthy economy, has been shaken both in China and throughout the world.

As Chinese leaders struggle to implement market-based reforms, a severe economic crisis that causes social disruption cannot be completely ruled out. In such a case, what might happen?

In current circumstances, China's policymakers have few monetary or fiscal cards to play. The People's Bank of China has already cut interest rates several times, reduced banks' reserves requirements and allowed the currency to fall. A

major stimulus package protected China from the global recession of 2008–09, but it cannot be easily replicated without expanding the existing pile of bad loans and thwarting Beijing's efforts to reduce the share of investment in the economy.

China's future policy towards other countries and international institutions would depend, in part, on how much leverage it has over others and what its reputation is. Money talks, and China still has lots of it, despite drawdowns of roughly half a trillion dollars in its foreign exchange reserves in the latter part of 2015. Despite the crisis, China's trade and investment partners would continue to promote deeper economic engagement.

Yet a hard landing would spread alarm and exacerbate the pain already felt in those economies whose prosperity has depended on exports to a booming Chinese economy. Australia, Japan and developing Asia are all at risk of a further slowdown. Some might resort to beggar-thy-neighbour currency devaluation. The United States, too, will suffer losses, but its relative influence will rise if its economy can shrug off the Chinese downturn.

A sharp and prolonged Chinese economic crisis would seriously dent China's leverage abroad. China's great-power stature depends heavily on its high growth rate. Although talk of a 'Beijing Consensus' was misplaced, at least some aspects of China's economic model appealed to leaders and intellectuals in certain developing countries. That model would no longer be as attractive to them as it once was.

Read more at:

<http://www.businessspectator.com.au/article/2016/1/18/china/why-we-should-fear-chinese-hard-landing>

Global crises now occur twice a day: India's Arun Jaitley

[18 January 2016, *Times of India*] By IANS on 16 January: NEW DELHI: From a situation earlier when the global economy would face a crisis once a decade, now such crises almost "twice a day" have become normal occurrences, India's finance minister Arun Jaitley said on Saturday.

"Earlier, while a crisis would occur once in a decade, now they can take place twice a day.

There can be a crisis brought on by Chinese currency devaluation in one part of the world and by falling oil prices in another," he said here at the "Start-up India" event to be launched by Prime Minister Narendra Modi later in the day.

Read more at:

<http://timesofindia.indiatimes.com/business/india-business/Global-crises-now-occur-twice-a-day-Arun-Jaitley/articleshow/50601899.cms>

INDIA: Increase TDS threshold, slash rate at which it applies: Panel

[18 January 2016, *Times of India*] By LUBNA KABLY, TNN: MUMBAI: A committee headed by retired Justice R V Easwar, in its first report released on Sunday, has suggested enhancing the threshold limits of income (across a wide spectrum, including investment income) for the purpose of deduction of tax at source (TDS) and has also proposed a reduction in the rate of withholding taxes (the rate at which TDS is applied).

Stating that TDS rates for interest income and commission need to be rationalized, the committee suggested that these should be halved to 5%. This proposal of the committee, which was set up to look into simplification of the Income Tax (I-T) Act, will benefit many, especially senior citizens who heavily invest in fixed deposits of banks and other similar securities.

The report says, "Today, the average tax rate of 10% gets attracted only on taxable income beyond Rs 7 lakh. As a result, majority of the taxpayers, more particularly those having mainly interest incomes, are required to claim sizeable income-tax refunds. The I-T department is also required to collect taxes in a very large number of such cases, merely to refund a substantial chunk of such collection together with interest thereon."

Read more at:

<http://timesofindia.indiatimes.com/business/india-business/Increase-TDS-threshold-slash-rate-at-which-it-applies-Panel/articleshow/50618668.cms>

INDIA: Startups usher in a new economic freedom

[18 January 2016, *Times of India*] By TNN on 16 January: Would you resign from a job in Amazon in America and dare to build its rival in India?

Would you opt out of an assured placement with a Fortune 100 company and start a social entrepreneurship venture straight out of college? Would you give up a job with a crore-plus salary to try out a business idea even though you are over 40 and have school-going kids?

Most middle-class Indians would not have done any of these until as late as the mid-1990s. Today they feel free to make such choices—free from the stigma of a potential failure, free from the parental pressure to 'settle down' in life, free to try making their own economic destiny.

First generation entrepreneurs aren't new to India. India's number one private company was founded by a first generation entrepreneur, Dhirubhai Ambani. India's most admired IT company, Infosys, was set up by seven middle-class ex-employees who had no family wealth or political contact. But in the world's second most populous country, such examples were rare. Entrepreneurship was a dream to be had and forgotten. Today, Indians are free to have the dream—and live it.

Three changes have ushered in this freedom. First is the rising value and falling price of experiment. Traditionally in India, experience was valued much higher than experiment: partly because the cost of experiment was high—both in terms of money and stigma of failure. The Internet reduced the monetary cost of experiment, as was evident from the first wave of dotcom companies formed in the early 1990s. Mobile phones have dramatically brought the cost down further and accelerated the speed of success. Founded less than a decade ago, Flipkart's \$15 billion valuation is higher than the market capitalisation of one of India's oldest companies—Tata Motors.

Read more at:

<http://timesofindia.indiatimes.com/business/india-business/Startups-usher-in-a-new-economic-freedom/articleshow/50598212.cms>

Venezuela economy: Nicolas Maduro declares emergency

[18 January 2016, *BBC News*] On 15 January, BBC News reported that The Venezuelan government has announced a 60-day economic emergency to deal with the country's worsening crisis.

President Nicolas Maduro will govern by decree for two months.

The edict includes tax increases and puts emergency measures in place to pay for welfare services and food imports.

The government's move came as official figures released by the central bank showed that the Venezuelan economy had contracted by 4.5% in the first nine months of 2015.

The emergency was declared hours before President Maduro delivers a State of the Nation address to Congress for the first time since his centre-right opponents took control of the legislature. The decree also instilled more state controls on businesses, industrial productivity and on electronic currency transactions.

Read more at:

<http://www.bbc.co.uk/news/world-latin-america-35329617>

CENTRAL AMERICA: Daily News 18/01

[18 January 2016, *Central America Data*] Posting on 14 January of Daily News from around the region.

Summaries

- [Nicaragua As Seen by the Private Sector](#)
Poverty has declined, foreign investment has quintupled in a decade, the economy has grown more than the average in Central America and Nicaraguan businessmen are applauding it.
- [Panama: Urban Development for \\$3 billion](#)
The mayoral office of Panama City has presented a development plan which urgently requires investments in mobility, transport, water, drainage, waste management and urban planning.
- [Investment in Clean Energy Becomes Less attractive](#)
The drop in oil prices has made clean energy less profitable, going from 30%, in previous years to 12%.
- [Costa Rica: Oil and Diesel Will Keep Subsidizing Gas](#)
Concern over the serious impact on the productive sector of a 72% increase in gas prices has faded, while accusations of inefficiency and a monopolistic state oil company, still persist.

- [Tender: Tourism Publicity](#)
The Tourism Authority in Panama is putting out to tender the design, manufacture, assembly and disassembly of stands, media promotion and coordination of preconditions for the country's participation in tourism fairs.
- [Coffee: Global Prices up to December 2015](#)
The coffee market fell again in December 2015, reaching its second lowest monthly average of the year. This decrease was entirely attributable to the drop in Robusta prices over the course of the month.
- [Tender: Food for \\$16 million](#)
The Ministry of Public Security in Panama is putting out to tender a supply of dry food for the consumption on the premises of the institution during 2016.
- [Nicaragua: Electricity Rates Down 4%](#)
The Nicaraguan Energy Institute has confirmed that the reduction in the tariff schedule has the support of employers, despite a further decrease being expected.

MORE CENTRAL AMERICAN NEWS

- [Panama - Dubai Flights Postponed](#)
- [El Salvador: Protests Over Advertising Tenders](#)
- [Costa Rica: More Residential and Commercial Construction](#)
- [Costa Rica: Stock Market Numbers](#)

Source:

<http://www.centralamericadata.com/en/static/home>

World's poorest people missing out on digital dividends

[18 January 2016, *Public Finance International*] Posted 14 January: By Emma Rumney: Four billion people still lack access to the internet and the anticipated gains for growth, employment and public services from digital technologies is falling short of expectations, the World Bank has said.

The bank said that the benefits of rapid digital expansion have been skewed towards the world's more affluent populations, leaving over 60% of the world excluded and unable to reap digital dividends.

To add, the effect of technology on global productivity, expansion of opportunity for the poor and middle class and the spread of accountable governance has been disappointing.

Kaushik Basu, the World Bank chief economist, said it is important "to be mindful that we do not create a new underclass". He noted with nearly 20% of the world's population unable to read and write, the spread of digital technologies alone is "unlikely to spell the end of the global knowledge divide".

Since 2005, the number of Internet users worldwide has more than tripled. The spread of digital technologies in this way can promote inclusion, efficiency and innovation.

The report noted that more than 40% of adults in East Africa pay their utility bills using a mobile phone, that there are more than 8 million entrepreneurs in China – one third of them women – who use an e-commerce platform to sell goods around the world and in India digital technologies have helped increase access and reduce corruption in public services.

Read more at:

<http://www.publicfinanceinternational.org/news/2016/01/world%E2%80%99s-poorest-people-missing-out-digital-dividends>

China's membership of EBRD to be finalised

[18 January 2016, *Public Finance International*] Posted 14 January: By Emma Rumney: The president of the European Bank for Reconstruction and Development will visit China this week to finalise the country's membership of the bank.

The EBRD's existing shareholders agreed to China's membership at the end of 2015. Its president, Sir Suma Chakrabarti, will discuss future cooperation between the EBRD and China following its membership as well as attend the inauguration of the Beijing-based Asian Infrastructure Investment Bank.

"Chinese membership of the EBRD is a win-win scenario – for China, the EBRD and for the countries where the EBRD invests," said Chakrabarti.

He said the EBRD will support China's integration into the global economy and be a strong partner for Chinese companies as they invest in EBRD regions.

Membership of the bank will also provide a boost to China's "One Belt, One Road" initiative which focuses on connectivity and cooperation between countries of Eurasia.

The EBRD said it will benefit from having the world's second largest economy as a shareholder and gaining better access to Chinese firms that could be partners in EBRD regions.

Read more at:

<http://www.publicfinanceinternational.org/news/2016/01/china%E2%80%99s-membership-ebrd-be-financed>

Canada Launches New Tax E-Filing System

[18 January 2016, *Tax-News.com*] Posted on 15 January, by Mike Godfrey, Tax-News.com, Washington: The Canada Revenue Agency has launched a new "Auto-fill my return" service, which will allow users to automatically complete certain parts of their income tax and benefit return online.

Read Full Story:

http://www.tax-news.com/news/Canada_Launches_New_Tax_EFiling_System_70182.html

GAO Criticizes IRS Return Audit Selection Processes

[18 January 2016, *Tax-News.com*] Posted on 15 January, by Mike Godfrey, Tax-News.com, Washington: The US Government Accountability Office has reviewed the processes and controls used by the Internal Revenue Service for selecting individual taxpayers, small businesses, or the self-employed for audit.

Read more at:

http://www.tax-news.com/news/GAO_Criticizes_IRS_Return_Audit_Selection_Processes_70186.html

Ajman Free Zone Expands Global Network With Delhi Office

[18 January 2016, *Tax-News.com*] Posted on 15 January, by Lorys Charalambous, Tax-News.com, Cyprus: The Ajman Free Zone in the United Arab Emirates announced on January 13, 2016, that it has opened a new representative office in New Delhi, India.

Read more at:

http://www.tax-news.com/news/Ajman_Free_Zone_Expands_Global_Network_With_Delhi_Office_70180.html

Facebook tests new browser that lets you check pages without leaving the app

[18 January 2016, *Economic Times*] By IANS on 17 January: NEW YORK: Social networking website Facebook is testing an improved in-app browser that would allow users input their own URL should they want to check another page without leaving the Facebook app, a media report said.

Besides the aesthetic shift, a new bar on the bottom tells you how popular a post is, includes back and forward buttons, lets you bookmark pages, and has a menu button which likely includes a few more features too, thenextweb.com reported on Sunday.

The only big feature that appears to be missing is tab support, but the new browser is quite close to approximating a full-fledged app.

With a good enough browser, the Facebook app could essentially become a self-contained ecosystem of its own, it added.

Read more at:

<http://economictimes.indiatimes.com/articleshow/50613244.cms>

News from Europe

UK: Building societies lead the way in scrapping upper age limit for borrowers

[18 January 2016, *Mortgage Finance Gazette*] On 15 January, Joanne Atkin writing in Mortgage Finance Gazette reported that the Cambridge is the latest building society, following Dudley Building Society's move last week, to remove upper age limits on both residential and buy-to-let mortgages.

Customers who are assessed as able to make repayments will be considered for a mortgage regardless of how old they will be at the end of the term.

The Cambridge already had generous lending age limits in place with a residential age limit of 75 and an 85-year-old limit on buy-to-let mortgages.

Underwriting manager at The Cambridge, Louise Goullée, said: "With a manual underwriting process it's much easier for us to assess applications on an individual basis. We've been working towards removing upper age limits for some time so it's great to make this a reality."

"We look at each application individually so there's no reason for age to be a specific barrier to getting a mortgage, remortgaging to release equity or moving into the buy-to-let market."

Dudley Building Society has also recently scrapped all upper age restrictions across its entire product range.

Read more at:

<http://www.mortgagefinancegazette.com/latest-news/building-societies-lead-the-way-in-scrapping-upper-age-limit-for-borrowers/>

UK: HMRC reverses APN decision for participants in Montpellier tax scheme

[18 January 2016, *AccountancyAGE*] By Fraser Simpson on 15 January: HMRC has been forced to withdraw 2,000 Accelerated Payment Notices (APNs) demanding payment of disputed tax after admitting the demands should never have been issued.

In an embarrassing U-turn, the tax authority, which faced criticism this week for allowing HSBC to get away 'scot free' over allegations its Swiss bank helped UK clients evade tax, withdrew the pay up front tax demands after one of the conditions necessary for issuing an APN was not satisfied.

HMRC uses the notices, introduced under the 2014 Finance Act, to demand tax that it believes someone owes before the underlying dispute has been adjudicated on by an independent tribunal or court. Taxpayers then have 90 days to pay HMRC the fee demanded, but are not allowed to appeal the decision.

The U-turn related to taxpayers who participated in the Montpellier IR 35 Manx Partnership arrangements, with HMRC originally issuing notices to taxpayers involved in the scheme in April 2015.

Read more at:

<http://www.accountancyage.com/aa/news/24420-26/hmrc-reverses-apn-decision-for-participants-in-montpellier-tax-scheme>

Ireland's High Earners To Benefit Least From USC Abolition

[18 January 2016, *Tax-News.com*] Posted on 15 January, by Jason Gorringer, Tax-News.com, London: Irish Finance Minister Michael Noonan has said that measures to boost tax on Ireland's highest earners would likely come alongside the repeal of the Universal Social Charge.

Read Full Story:

http://www.tax-news.com/news/Irelands_High_Earners_To_Benefit_Least_From_USC_Abolition_70181.html

IASB To Bring All Leases Onto Corporate Balance Sheets

[18 January 2016, *Tax-News.com*] Posted on 15 January, by Robert Lee, Tax-News.com, London: On January 13, the International Accounting Standards Board issued a new Accounting Standard – IFRS 16 Leases - which will compel companies to report on their balance sheets current lease commitments, which are thought to total USD3.3 trillion.

Read Full Story

http://www.tax-news.com/news/IASB_To_Bring_All_Leases_onto_Corporate_Balance_Sheets_70183.html

Noonan Provides Update On EC Apple Investigation

[18 January 2016, *Tax-News.com*] Posted on 15 January, by Robert Lee, Tax-News.com, London: Irish Finance Minister Michael Noonan has said that the European Commission is continuing its state aid investigation into tax rulings provided to Apple and the Government will await the outcome before deciding on its "next course of action."

Read Full Story

http://www.tax-news.com/news/Noonan_Provides_Update_On_EC_Apple_Investigation_70184.html

UK Planning Law Change For VAT Groups

[18 January 2016, *Tax-News.com*] Posted on 15 January, by Jason Gorringer, Tax-News.com, London: The UK Government has announced a consultation on changes to the nation's VAT grouping provisions, following the European Court of Justice's rulings in the cases Larentia + Minerva and Marenave (C-108/14 and C-109/14) and Skandia (C-713).

The consultation process is intended to help HM Revenue and Customs gather views on policy design, the impact of any change, and alternative approaches to develop new legislation. The changes will affect UK VAT-registered businesses who are members of a VAT group and other businesses who are interested in applying for VAT grouping.

Article 11 of the Principal VAT Directive allows member states to treat two or more businesses established in the territory of that member state as a single taxable person (often called a VAT group) if the businesses have close economic, financial, and organizational links.

UK VAT grouping legislation (VAT Act 1994 s43-43D) currently allows two or more companies or limited liability partnerships - known as 'bodies corporate' - to register as a VAT group if:

- Each body is established in the UK;
- They are under common control, for example a parent company and its subsidiaries.

Further details can be found in VAT Notice 700/2: group and divisional registration.

Read more at:

http://www.tax-news.com/news/UK_Planning_Law_Change_For_VAT_Groups_70185.html

ECB Warns Poland On New Bank Tax

[18 January 2016, *Tax-News.com*] Posted on 15 January, by Ulrika Lomas, Tax-News.com, Brussels: The European Central Bank has warned the Polish Government that its proposed bank tax could have negative consequences for the provision of credit and financial stability and should be analyzed thoroughly before being introduced.

Read Full Story:

http://www.tax-news.com/news/ECB_Warns_Poland_On_New_Bank_Tax_70187.html

EU Challenges Colombia's Alcohol Tax Rules

[18 January 2016, *Tax-News.com*] Posted on 15 January, by Ulrika Lomas, Tax-News.com, Brussels: The European Union on January 13, 2016, notified the World Trade Organization Secretariat that it has initiated a WTO dispute proceeding against Colombia regarding the South American country's taxation of spirits.

Read Full Story:

http://www.tax-news.com/news/EU_Challenges_Colombias_Alcohol_Tax_Rules_70188.html

Gauke Answers Questions On UK 'Tampon Tax' Changes

[18 January 2016, *Tax-News.com*] Posted on 15 January, by Robert Lee, Tax-News.com, London: The UK's Financial Secretary to the Treasury, David Gauke, has confirmed he has written to the European Commission to advocate that member states should have full discretion over the rate of value-added tax they levy on women's sanitary products.

Read Full Story:

http://www.tax-news.com/news/Gauke_Answers_Questions_On_UK_Tampon_Tax_Changes_70189.html

'Financial carnage' wipes £113bn off FTSE in ten days as China enters bear market

[18 January 2016, the *Daily Telegraph*] On 15 January, Tara Cunningham, Business Reporter writing in the *Daily Telegraph* wrote that Britain's leading companies surrendered more than £113bn in value in the first 10 trading sessions this year, as another oil-inspired sell-off wreaked havoc on global financial markets.

A lethal cocktail of oil price volatility, China's controversial circuit breaker and fears of a prolonged global economic slowdown have culminated in a frightful fortnight for the FTSE – its worst New Year start in its 31-year history.

The FTSE 100 imploded on Friday, closing at its lowest level in three years – down 114.13points, or 1.93pc, to 5,804.10, with almost £30bn wiped off. The blue chip index has now lost 18.3pc since hitting a high of 7,104 in April.

Read more at:

<http://www.telegraph.co.uk/finance/markets/12101482/China-enters-bear-market-prompting-mass-sell-off-in-Europe.html>

UK: Jeremy Corbyn warns businesses over 'unfair' pay

[18 January 2016, *BBC News*] On 16 January, *BBC News* reported that a Labour government could ban companies from paying dividends to shareholders unless they pay workers the living wage, Jeremy Corbyn has said.

He said in a speech to a think tank too much profit from economic growth had gone to those at the top of society.

The Labour leader was explaining his strategy to tackle pay inequality and "institutionalise fairness" in Britain.

He later told the Unite union in Scotland the Tories wanted to "tip the scales further" in favour of bosses.

Liberal Democrat leader Tim Farron said Mr Corbyn "seems committed on ripping apart our business sector in pursuit of an egalitarian fantasy". A Conservative Party spokesman called Labour a "clear threat to our economic security".

Addressing the left-of-centre Fabian Society, Mr Corbyn said: "Only profitable employers will be

paying dividends; if they depend on cheap labour for those profits then I think there is a question over whether that is a business model to which we should be turning a blind eye."

Read more at:

<http://www.bbc.co.uk/news/uk-politics-35330331>

The drip-drip of oil explorer casualties is only just beginning

[18 January 2016, the *Daily Telegraph*] On 16 January, Ben Marlow writing in the *Daily Telegraph* wrote that one of the most surprising features of the oil-price crash is that relatively few companies have buckled under the weight of such a severe downturn.

The collapse of Brent crude has been spectacular, plummeting by more than 70pc from \$115 a barrel in the summer of 2014 to below \$30 a barrel last week, amid a global glut sparked when Saudi Arabia, the world's largest producer, unleashed a brutal price war on US shale drillers in an attempt to drive them out of the market.

It is the first time since 2004 that prices have been forced down to such an extent, and many analysts believe they could drop even further, to between \$10 and \$20 – a level not seen since the late 1990s – with the prospect of Iranian oil flooding global markets looming.

The crash is great for consumers and motorists, with the price of a litre of petrol soon expected to be cheaper than a bottle of water. However, it is potentially ruinous for explorers – particularly the smaller ones carrying too much debt and reliant on continued funding to keep operating in exotic locations.

Read more at:

<http://www.telegraph.co.uk/finance/comment/12103405/The-drip-drip-of-oil-explorer-casualties-is-only-just-beginning.html>

EU: More growth and fewer shocks

[18 January 2016, *Netherlands EU Presidency*] News item on 15 January: How can we achieve greater economic growth and reduce the risk of shocks in the European Union? This was the central question examined by the meeting of European finance and economic affairs ministers – the Ecofin Council – on Friday 15 January in Brussels. Dutch finance minister Jeroen

Dijsselbloem chaired the meeting for the first time, following the start of the Netherlands EU Presidency.

Limiting financial risks

The Netherlands has put strengthening the European Banking Union high on the agenda, with a view to limiting the financial risks to which the EU is exposed. 'More risk sharing must go hand in hand with risk reduction,' said Mr Dijsselbloem.

Another priority is the Capital Markets Union, which will free up the flow of finance for business activity across the EU. The Netherlands Presidency will also focus on the health of national economies and public finances. Action against tax avoidance and tax evasion is another key issue.

Read more at:

<http://english.eu2016.nl/latest/news/2016/01/15/more-growth-and-fewer-shocks>

Taxation in the EU Member States

[18 January 2016, *European Commission - EUROSTAT*] Brussels, 15 January 2016: The overall tax-to-GDP ratio, meaning the sum of taxes and net social contributions as a percentage of GDP, stood at 40.0% in the European Union (EU) in 2014, compared with 39.9% in 2013.

In the euro area, tax revenue accounted in 2014 for 41.5% of GDP, up from 41.2% in 2013. Over recent years, the tax-to-GDP ratio in both zones has increased continuously since its low point in 2010.

[Full text available on EUROSTAT website](#)

Source:

http://europa.eu/rapid/press-release_STAT-16-83_en.htm

November 2015 - International trade in goods

[18 January 2016, *European Commission - EUROSTAT*] Brussels, 15 January 2016: The first estimate for euro area (EA19) exports of goods to the rest of the world in November 2015 was €173.5 billion, an increase of 6% compared with November 2014 (€163.6 bn).

Imports from the rest of the world stood at €149.9 bn, a rise of 5% compared with November 2014 (€143.5 bn).

[Full text available on EUROSTAT website](#)

Source:

http://europa.eu/rapid/press-release_STAT-16-82_en.htm

UK: Exploring the intermediated shareholding model - BIS research paper

[18 January 2016, *Corporate Law and Governance Blogspot*] Posted 15 January: By Robert Goddard, Senior Lecturer in Law, Aston Law, Aston Business School, Birmingham, UK: The second [BIS research paper](#) for 2016 was published yesterday. Titled 'Exploring the Intermediated Shareholding Model', the paper presents the results of important and interesting research concerning the chains of ownership and voting between individual and institutional investors and the companies in which they have invested.

The research found, for example, that interest in attending and voting at the annual general meeting was low amongst individual shareholders. A copy of the paper is available [here \(pdf\)](#).

Source:

<http://corporatelawandgovernance.blogspot.co.uk/2016/01/uk-exploring-intermediated-shareholding.html>

Wealth of richest 1% 'equal to other 99%'

[18 January 2016, *BBC News*] By Anthony Reuben, Business reporter: The richest 1% now has as much wealth as the rest of the world combined, according to Oxfam.

It uses data from Credit Suisse from October for the report, which urges leaders meeting in Davos this week to take action on inequality.

Oxfam also calculated that the richest 62 people in the world had as much wealth as the poorest half of the global population. It criticised the work of lobbyists and the amount of money kept in tax havens.

Oxfam predicted that the 1% would overtake the rest of the world this time last year.

Read more at:

<http://www.bbc.co.uk/news/business-35339475>

UK: House price growth will slow over next three years, EY Item Club predicts

[18 January 2016, *CITY A.M.*] On 18 January, Lynsey Barber writing on CITY A.M. reported that house price growth will slow over the next three years, according to new forecasts, as continued growth puts owning a property out of reach for many.

Property prices are expected to rise by 6.5 per cent this year, new analysis by EY Item Club predicts.

That growth will continue in 2017 and 2018, but at a more moderate rate of 4.7 per cent and then 4.5 per cent.

"The chances of demand for housing falling back to any great extent look remote," said the report, with household income set to grow and an interest rate rise looking further away.

"[The] fundamental imbalance between supply and demand should ensure that house prices continue to rise. However, we do expect the growing unaffordability of property – the Halifax reported that the price-to-income ratio was 5.5 in November, the highest since early-2008 – to prevent an acceleration in price growth."

Read more at:

<http://www.cityam.com/232504/uk-house-prices-property-price-growth-will-slow-over-next-three-years-ey-item-club-predicts>

UK: Low inflation in 2015 battered businesses as consumers rejoiced

[18 January 2016, *CITY A.M.*] On 18 January, Chris Papadopoulos writing on CITY A.M. reported that Businesses lost out to the tune of £16.8bn last year due to low inflation, new research given to *City A.M.* shows.

Prices were only 0.1 per cent higher in November than a year ago, well below the Bank of England's two per cent inflation target, and hovered around zero per cent for most of 2015.

Falling prices in many markets benefited UK households by £630 each, but this came at the cost of firms, which lost out on revenue, according to consultancy Simon-Kucher.

Read more at:

<http://www.cityam.com/232523/low-inflation-in-2015-battered-businesses-as-consumers-rejoiced>

The New Cold War – Russian Infiltration Of European Political Parties

[18 January 2016, *Politico.eu*] From Saturday's Telegraph: American intelligence agencies are to conduct a major investigation into how the Kremlin is infiltrating political parties in Europe, it can be revealed.

James Clapper, the U.S. Director of National Intelligence, has been instructed by the U.S. Congress to conduct a major review into Russian clandestine funding of European parties over the last decade," report Peter Foster and Matthew Holehouse.

Countries thought to be affected, according to documents seen by the Daily Telegraph, include France, Netherlands, Hungary, Austria and Czech Republic.

More at:

<http://bit.ly/208CRcN>

Lack of finance keeps smaller housebuilders trailing behind their bigger rivals

[18 January 2016, *CITY A.M.*] On 18 January, Kasmira Jefford writing on CITY A.M. reported that Profits at the top UK housebuilders may have hit a pre-crisis high but their smaller rivals are still struggling to recover as funding for larger projects remains scarce, new research suggests.

A construction boom has helped profit margins at larger housebuilders reach an average of 11.7 per cent for 2015 compared to their 2007 peak of 11.2 per cent.

However that contrasts with average profit margins of seven per cent for small to medium-sized builders, which is well below the 12.2 per cent recorded in 2006, research from Funding Options shows.

The business finance comparison site warned that strict loan-to-value limits set by bank is restricting the amount of work that smaller builders can take on, which in turn is preventing more homes being built.

Only 27 per cent of homes in the UK are now built by smaller housebuilders, compared with 44

per cent in 2008, according to research by the National House Building Council (NHBC).

Read more at:

<http://www.cityam.com/232534/lack-of-finance-keeps-smaller-housebuilders-trailing-behind-their-bigger-rivals>

European Commission could force sell-offs in the £10bn Three merger with O2

[18 January 2016, *CITY A.M.*] On 17 January, Madeline Ratcliffe writing on CITY A.M. reported that The European Commission (EC) may be about to throw a spanner in the works of Three's planned £10.25bn takeover of O2.

Having decided not to refer the decision to the Competition and Markets Authority (CMA) in the UK, the commission, the executive body of the EU, has until 22 April to make a decision on the merger, which would create the UK's largest mobile phone provider.

However, the commission could publish later this month, and as early as this week, a statement of objections to the deal, the Sunday Telegraph reported.

The EC may call for CK Hutchison, the Hong Kong-based owner of Three, to sell some of its mobile network capacity to rivals in the UK to boost competition.

Read more at:

<http://www.cityam.com/232529/european-commission-could-force-sell-offs-in-the-10bn-three-merger-with-o2>

MARKETING AND BUSINESS PROMOTION

Marketing ideas from Marketing Profs 18/01

[18 January 2016, *Marketing Profs*] More marketing ideas and tips have been published by Marketing Profs:

In this issue

- **How-To:** [Five Tips for Creating and Using a Great Event Hashtag](#)
- **#SocialSkim:** [Peach Buzz.... All About the New Messaging App, Plus More in This Week's Roundup](#)
- **PRO Toolkit:** [Email Campaign Planner](#)
- **Survey Says:** [Which Industries Use Digital Tools the Most \(and Least\)?](#)
- **My View:** [Five Ways Motherhood Deepens Millennials' Love of Technology](#)

Read more:

<http://www.marketingprofs.com/news/0/15/1/16>